LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7840 | **NOTE PREPARED:** Jan 12, 2005
BILL NUMBER: SB 481 | **BILL AMENDED:**

SUBJECT: Transitional Living Services.

FIRST AUTHOR: Sen. Lawson C | **BILL STATUS:** As Introduced
FIRST SPONSOR:

FUNDS AFFECTED: X GENERAL | **IMPACT:** State
DEDICATED
X FEDERAL

STATE IMPACT	FY 2005	FY 2006	FY 2007
State Revenues			
State Expenditures		665,518	692,064
Net Increase (Decrease)		(665,518)	(692,064)

Summary of Legislation: This bill requires the Division of Family and Children to implement a program to provide transitional services to individuals who have become or will become 18 years of age or emancipated while receiving foster care. The bill requires the Office of Medicaid Policy and Planning to apply for an amendment to the State Medicaid Plan and, if necessary, apply for a Medicaid waiver to provide services to individuals who are at least 18 years of age but less than 22 years of age who have become too old to be eligible for foster care.

Effective Date: Upon passage; July 1, 2005.

Explanation of State Expenditures: *Summary:* The fiscal impact of this bill would be dependent upon legislative and administrative decisions that would define the potential size of the optional eligibility group referred to as “independent foster care adolescents . Estimated state share of expenditures for adding this eligibility group are estimated to be about $665,000 in FY 2006 and $692,000 in FY2007. These expenditures would be from the Medicaid account of the state General Fund.

Additional Details on Medicaid Provisions: The federal Foster Care Independence Act of 1999 established a new optional Medicaid eligibility group for independent foster care adolescents. This group is defined as young people who are in foster care under the responsibility of the state on their 18th birthday. The group may include young people who were adjudicated CHINS or delinquents with certain requirements. If a state chooses, all young people in foster care under the responsibility of the state on their 18th birthday who are not yet 21, could become automatically eligible for Medicaid without regard to their income or assets. States have the flexibility under the act to provide Medicaid to a smaller "reasonable category of the broad group of potentially eligible young people. States may also limit eligibility in other ways such as: apply an income or resource test in determining eligibility within certain limits; limit eligibility by age such as only 18 and 19 year olds; or limit eligibility by foster care status to those children who were eligible for federal foster care payments under Title IV-E of the Social Security Act.

In order to add this optional eligibility group, the Office of Medicaid Policy and Planning (OMPP) must submit a State Plan amendment defining the eligibility group within the parameters defined in the Act. The definition of eligibility and the size of the potential "reasonable category will determine the ultimate cost of the bill. OMPP estimates capitated rates for Medicaid children per member per month of $118.08 for FY 2006 and $122.79 for FY 2007. The Commission on Abused and Neglected Children reported that 309 children in foster care "aged off the program on average each year for the last 4 years. If this experience is assumed to remain stable, then 927 adolescents may be estimated to constitute the current group of 18 to 21-year-olds meeting the definition of the "independent foster care adolescent . The state share of expenditures of adding a group this size to the State Plan is estimated to be $499,138 in FY 2006 and $519,048 in FY2007. (Total expenditures are estimated to be about $1.3 M with the federal share of expenditures being about $814,000 for FY 2006.) However, it is not known how many of the children reported as "aged off" of foster care currently maintain their Medicaid eligibility because they qualify under another eligibility group requirements, such as disability.

This bill also requires OMPP to add another group to the "independent foster care adolescent eligibility group; that of persons 21 years but not yet 22 years of age. The fiscal impact of this provision would be dependent upon how OMPP would implement the requirement. OMPP could submit a waiver to the Centers for Medicare and Medicaid Services (CMS) to add the older group to the new State Plan amendment. If CMS would approve such a waiver, the state share of expenditures would be an additional $166,380 in FY 2006 and $173,016 in FY 2007. (Total expenditures are estimated to be about $438,000 with the federal share of expenditures being about $271,000 for FY 2006.) If CMS would not approve a State Plan amendment or a waiver, the Office may not implement the program.

Independent Living Transitional Services: The bill also requires the Division to implement a program that provides transitional services to individuals who have become, or will become, age 18 while receiving foster care. The existing Independent Living Program is mainly federally funded. FY 2005 spending is projected to total $3,090,066, of which $181,071 are transferred from state Social Services Block Grant funds (SSBG), and the balance is federally funded. It is not clear how the requirement for transitional services differs from the federally defined Independent Living Services currently provided.

Medicaid is a jointly funded state and federal program. Funding for direct services is reimbursed at approximately 62% by the federal government, while the state share is about 38%. Funding for administrative services is typically shared 50/50.

Explanation of State Revenues: See *Explanation of State Expenditures* regarding federal reimbursement in the Medicaid Program.

Explanation of Local Expenditures: Local juvenile probation offices could be impacted if the county would decide to participate in the Independent Living Program with the state. With an agreement certain juveniles could qualify for independent living services and potentially Medicaid depending on the definition of the group determined by OMPP. Juvenile probation officers would be required to participate in the independent living planning process.

Explanation of Local Revenues:

State Agencies Affected: Division of Family and Children and the Office of Medicaid Policy and Planning, Family and Social Services Administration.

Local Agencies Affected: Local courts and juvenile probation offices.

Information Sources: Centers for Medicare and Medicaid Services, Letters to State Medicaid Directors, December 1, 2000 at: http://www.cms.hhs.gov/states/letters/smd12100.asp ;Indiana FSSA/DFC Independent Living Handbook, Updated October 2004 at: http://www.in.gov/fssa/families/protection/ilhandbook--updated%2010-2004, Kristy Bredemeier, Acting Legislative Liaison for OMPP, 317-233-2127; and "Putting Children First Recommendations from the Indiana Commission on Abused and Neglected Children and Their Families, August 15, 2004 at: http://socialwork.iu.edu/site/indexer/903/content.htm; Jane Bisbee, Director Child Welfare Services, 317-232-4423.

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